

P-421, 567/CP-92-322 ORDER REQUIRING REVISED COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service From Beardsley to Ortonville, Clinton,
Graceville, and Browns Valley

ISSUE DATE: April 8, 1994

DOCKET NO. P-421, 567/CP-92-322

ORDER REQUIRING REVISED COST
STUDIES AND PROPOSED RATES

PROCEDURAL HISTORY

On April 22, 1992, the Commission received a petition for extended area service (EAS) from customers in Beardsley, an exchange of US West (USWC), to Ortonville, Clinton, Graceville, and Browns Valley. U S West Communications, Inc. (USWC), serves Beardsley and three of the petitioned exchanges: Ortonville, Clinton, Graceville. The fourth petitioned exchange, Browns Valley is served by Valley Telephone Company.

On May 29, 1992, the petitioners updated their petition.

On February 1, 1993, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES. The Commission denied the Beardsley-Clinton route due to inadequate traffic, but ordered the following rates to be considered for polling:

Beardsley to Graceville
Beardsley to Browns Valley
Beardsley to Ortonville.

On April 2, 1993, USWC filed cost studies and proposed rates for the three routes. On April 5, 1993, Valley Telephone Co. did the same.

On July 22, 1993 USWC filed revised cost studies and proposed rates. On July 23, 1993, Valley Telephone did the same.

On August 9, 1993, Valley Telephone filed revised cost studies and proposed rates.

On August 11, 1993, USWC filed revised tariff pages.

On September 8, 1993, the Minnesota Department of Public Service (the Department) filed its Report.

On December 23, 1993, USWC filed revised cost studies and proposed rates, reflecting the lower

cost of money stipulated to by the Department and USWC on October 13, 1993.¹

Neither Valley Telephone nor the Department of Public Service filed comments regarding USWC's filing.

On April 5, 1994, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The Commission has received revised cost studies and proposed rates from USWC reflecting the recently approved lower cost of money (10.64 percent), but has received no proposed EAS rates for Valley subscribers which reflect this lower figure nor has it received comments from the Department.

In addition, after receiving USWC's revised cost study and proposed rates, the Commission has determined in several outstate EAS cases that the stimulation factor is more properly 3, rather than the 5 used by the companies in this matter.

Since it is appropriate to use a stimulation factor of 3 in this matter, the Commission will direct the companies to refile their cost studies and proposed rates using that lower stimulation factor as well as USWC's lower cost of money figure.

ORDER

1. Within 30 days of this Order, U S West Communications, Inc. (USWC) and Valley Telephone Company (Valley) shall refile cost studies and proposed rates which reflect the USWC cost of money of 10.64 percent and a stimulation factor of 3.
2. The proposed rates shall reflect revenue requirement assignments to the petitioning exchange of 50 percent, 60 percent, and 75 percent.
3. Within 30 days of those filings, the Minnesota Department of Public Service (the Department) shall file its report of investigation of the company filing. If the Department recommends changes, it shall show the rates reflecting those changes, with 50 percent, 60 percent, and 75 percent of the revenue requirement assigned to the petitioning exchange.
4. Parties shall have 20 days to respond to the report of the Department.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

¹ In an Order issued November 3, 1993, the Commission reviewed the stipulation and for the first time required use of the stipulated figure. In the Matter of a Petition for Extended Area Service From Cotton to Duluth, P-501, 421/CP-92-41, ORDER REQUIRING REVISED COST STUDIES AND PROPOSED RATES USING STIPULATED COST OF MONEY FIGURE (November 3, 1993).

Burl W. Haar
Executive Secretary

(S E A L)